

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 99-925

January 20, 2000

CENTRAL MAINE POWER
Application for Approval to Issue
Securities & Encumber Utility
Property (\$902, \$1101) (\$75,000,000)

ORDER APPROVING
ISSUANCE OF
SECURITIES

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

On December 22, 1999, Central Maine Power Company (CMP or the Company) filed with the Commission its application for authority to enter into a 3-year \$75,000,000 revolving credit agreement with The Bank of New York (BNY) and Fleet National Bank (Fleet) as lead lenders and agents. As agents, BNY and Fleet have the ability to "participate out" their shares to other lenders acceptable to themselves and the Company. This credit facility replaces an expiring 2-part facility that totaled \$125,000,000, a portion of which was approved by the Commission on October 7, 1996 in Docket No. 96-539. The notes issued under the proposed facility will carry variable interest rates and be secured by an interest in the Company's accounts receivable. This Order approves CMP's request.

II. BACKGROUND & DISCUSSION

In Docket No. 96-539, the Commission approved CMP's request to enter into a 3-year \$50,000,000 revolving credit agreement. Concurrently, CMP entered into a 364-day \$75,000,000 revolving credit agreement (with two 364-day renewal options), which by statute did not require Commission approval as potential borrowings under that agreement had maturities of less than one year. Under the terms of the proposed revolving credit agreement, individual principal advances will have maximum maturity dates extending up to three years from the anticipated date of closing in January 2000. CMP will have two variable rate options to choose from, including: (1) the higher of the Alternate Base (Prime) Rate quoted by Bank of New York (8.50% today), or the current Federal Funds Effective Rate plus a margin of 0.50% (5.61% + 0.50% = 6.11% today); or (2) a rate indexed to the London Inter-Bank Offering Rate (LIBOR) plus a margin based on the level of usage as well as the credit rating of CMP's senior debt securities. The index will be the 1, 2, 3, or 6-month LIBOR rate depending on the maturity selected by CMP, plus a margin ranging from 0.40% to 0.875% if CMP retains an investment grade rating, or 1.00% for a rating below investment grade (equal to a range between 6.10% and 7.15% today).

The Company requires this credit facility for general corporate purposes, including working capital needs and temporary or "bridge" financing for capital expenditures. If CMP chose to issue debt in the commercial paper market (the Company has not indicated that it anticipates entering the commercial paper market in

the near future), such a facility would be required to back such offerings. In our experience, it is customary for revolving credit agreements of this nature to be priced with variable interest rates and it is also common to use current assets, such as accounts receivable, as collateral.

Having reviewed the application of the Company, together with data filed in support of it, it is the opinion of the Commission that the proceeds of the issuance of the bonds are required in good faith for the purposes enumerated in 35-A M.R.S.A. §901. In approving this securities issue, consistent with normal practice and pursuant to §902(4), the Commission does not imply approval of the Company's capital needs or capitalization ratio for ratemaking purposes, nor does this order limit or restrict the powers of the Commission in determining or fixing any rate. In addition, having previously acknowledged that it is customary in these types of transactions, we also grant CMP's request for §1101 approval, thereby authorizing borrowings under this credit facility to be secured by the accounts receivable balances of utility customers.

Accordingly, we

ORDER

1. That Central Maine Power Company (CMP) is hereby authorized to enter into a 3-year revolving credit agreement for \$75,000,000 with The Bank of New York, Fleet National Bank, and their selected participants, to be used solely for the purposes described in this Order. All notes issued under the revolving credit line will be secured by utility customer accounts receivable and some of the notes may carry maturities of longer than 12 months. The notes will be issued at variable interest rates indexed to either the Prime Rate of The Bank of New York, the Federal Funds Effective Rate or the London Inter-Bank Offering Rate (LIBOR) for the appropriate maturity selected.

2. That the Company report to this Commission, in writing, its doings pursuant to this order within sixty (60) days of the date of the closing of this transaction.

3. That a copy of this Order be mailed to interested parties and this Docket be closed.

Dated at Augusta, Maine, this 20th day of January, 2000.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR:

Nugent
Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.